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State of Utah

Department of Natural Resources

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas & Mining

JOHN R. BAZA
Division Director

JON M. HUNTSMAN, JR.
Governor

GARY R. HERBERT
Lieutenant Governor

Inspection Report

Representatives Present During the Inspection:	
Company	Vicky S. Miller Environmental Specialist
OGM	Pete Hess Environmental Scientist III

Permit Number:	C0070039
Inspection Type:	PARTIAL
Inspection Date:	Thursday, August 16, 2007
Start Date/Time:	8/16/2007 1:08:00 PM
End Date/Time:	8/16/2007 3:15:00 PM
Last Inspection:	Thursday, July 26, 2007

Inspector: Pete Hess, Environmental Scientist III

Weather: Sunny, hot; thunderstorms possible.

InspectionID Report Number: 1373

Accepted by: dhaddock OK
9/12/2007

Permitee: **CANYON FUEL COMPANY LLC**
Operator: **CANYON FUEL COMPANY LLC**
Site: **DUGOUT CANYON MINE**
Address: **PO BOX 1029, WELLINGTON UT 84542**
County: **CARBON**
Permit Type: **PERMANENT COAL PROGRAM**
Permit Status: **ACTIVE**

Current Acreages

9,471.00	**Total Permitted**
51.10	**Total Disturbed**
	Phase I
	Phase II
	Phase III

Mineral Ownership

- [x] **Federal**
- [x] **State**
- [ ] **County**
- [x] **Fee**
- [ ] **Other**

Types of Operations

- [x] **Underground**
- [ ] **Surface**
- [ ] **Loadout**
- [ ] **Processing**
- [ ] **Reprocessing**

Report summary and status for pending enforcement actions, permit conditions, Division Orders, and amendments:

The Permittee is current relative to the submittal of the required surface and ground water monitoring information for the Dugout Canyon Mine permit area.
The Mine site and the facilities located in Pace Canyon received a devastating storm event during the PM hours of August 14, 2007. The Pace Canyon road was destroyed below the Pace Canyon fan portal disturbed area when Pace Creek jumped the channel and flowed down the road. Rock and wood debris littered the road for several hundreds of feet. High water marks along certain reaches of Pace Creek indicated water depths of 12-15 feet.

Inspector's Signature: Pete Hess **Date** Friday, August 17, 2007

Pete Hess, Environmental Scientist III
Inspector ID Number: 46

Note: This inspection report does not constitute an affidavit of compliance with the regulatory program of the Division of Oil, Gas and Mining.

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REVIEW OF PERMIT, PERFORMANCE STANDARDS PERMIT CONDITION REQUIREMENTS

1. *Substantiate the elements on this inspection by checking the appropriate performance standard.*
   a. *For COMPLETE inspections provide narrative justification for any elements not fully inspected unless element is not appropriate to the site, in which case check Not Applicable.*
   b. *For PARTIAL inspections check only the elements evaluated.*
2. *Document any noncompliance situation by reference the NOV issued at the appropriate performance standard listed below.*
3. *Reference any narratives written in conjunction with this inspection at the appropriate performace standard listed below.*
4. *Provide a brief status report for all pending enforcement actions, permit conditions, Divison Orders, and amendments.*

	Evaluated	Not Applicable	Comment	Enforcement
1. Permits, Change, Transfer, Renewal, Sale	☑	☐	☑	☐
2. Signs and Markers	☑	☐	☐	☐
3. Topsoil	☑	☐	☐	☐
4.a Hydrologic Balance: Diversions	☑	☐	☑	☐
4.b Hydrologic Balance: Sediment Ponds and Impoundments	☑	☐	☑	☐
4.c Hydrologic Balance: Other Sediment Control Measures	☑	☐	☐	☐
4.d Hydrologic Balance: Water Monitoring	☑	☐	☑	☐
4.e Hydrologic Balance: Effluent Limitations	☐	☐	☐	☐
5. Explosives	☐	☑	☐	☐
6. Disposal of Excess Spoil, Fills, Benches	☐	☑	☐	☐
7. Coal Mine Waste, Refuse Piles, Impoundments	☐	☑	☐	☐
8. Noncoal Waste	☑	☐	☐	☐
9. Protection of Fish, Wildlife and Related Environmental Issues	☐	☐	☐	☐
10. Slides and Other Damage	☑	☐	☑	☐
11. Contemporaneous Reclamation	☐	☐	☐	☐
12. Backfilling And Grading	☐	☐	☐	☐
13. Revegetation	☐	☐	☐	☐
14. Subsidence Control	☐	☐	☐	☐
15. Cessation of Operations	☐	☐	☐	☐
16.a Roads: Construction, Maintenance, Surfacing	☑	☐	☑	☐
16.b Roads: Drainage Controls	☑	☐	☑	☐
17. Other Transportation Facilities	☐	☐	☐	☐
18. Support Facilities, Utility Installations	☑	☐	☑	☐
19. AVS Check	☐	☐	☐	☐
20. Air Quality Permit	☑	☐	☑	☐
21. Bonding and Insurance	☐	☐	☐	☐
22. Other	☐	☐	☐	☐

1. Permits, Change, Transfer, Renewal, Sale

The Permittee recently submitted an application to permit degasification wells G-18 and G-31 at Dugout. New road construction will be required to access both roads. The Division has asked the Permittee to provide more information on the drainage controls which will be implemented on this road, which is being designated the AMV road. Water bars and five road culverts are being proposed at this time along the 7,300 foot road length.

4.a Hydrologic Balance: Diversions

The berm which parallels the chain link fence on the east side of the fan portal disturbed area was observed to have been breached at a location directly east of the intake portal concrete retaining wall. Evidence (flushed gravel) of a small flow leaving the disturbed area was seen. The flow was then intercepted by one of the four water bars located along the Pace Canyon road (through the disturbed area) which directed it toward Pace Creek. This may be considered a very minor offsite impact to the hydrologic balance, and it was discussed with the Permittee's representative. Pace Creek had run (based upon the stream bank high water marks, and the size and amount of the debris field down Canyon) at a very high volume and high velocity, with a very high level of suspended solids. No water samples were taken. Sampling during this event would have placed personnel in an extremely hazardous situation. Pace Creek was still running during today's inspection, and the level of suspended solids in the flow was still very high. The volume of sediment contributed to Pace Creek through the blown out berm would have been insignificant compared to the level of suspended solids be carried in Pace Creek during the latter part of the storm's duration.

4.b Hydrologic Balance: Sediment Ponds and Impoundments

The sediment trap located on the south end of the Pace Canyon fan portal disturbed area has a high water mark on the oil skimmer of the primary spillway which gives an indication that the pond discharged to Pace Creek. The elevation required for the stand pipe to discharge is 6991.0 feet. The trap appears to have received most of the event volume prior to the berm breach mentioned in item 4.a. This trap is designed to retain the 10 year 24 hour event(1.95 inches) (See Appendix 7-12, page 7-12-2 of the MRP), but the spillway is designed to pass the 25 year six hour event (1.65 inches). Some material settlement has occurred on the SE side of this pond; it should be re-compacted. The basin located at the toe of the topsoil pile located within the north end of the disturbed area contained the event. Surface roughening on that pile also provides some sediment and runoff control for the precipitation which is intercepted. The Permittee has been asked to provide the following information relative to the 8/14 event; 1) precipitation gage data from the gauge located at the Mine which is capable of recording peak storm information. 2) Cross sectional data and identification of high water marks located along ditch banks or sediment control structures which accurately represent the most recent storm event in consultation with the Division staff, (See Associate Director of Mining Mary Ann Wright's memo on Storm Exceedances, dated 3/23/1999).

4.d Hydrologic Balance: Water Monitoring

Pace Creek was flowing during today's inspection.

10. Slides and Other Damage

The Pace Canyon road was devastated by the event of 8/14. Canyon Fuel Company personnel did not become aware of the extent of the damage until the following day, when the Division received a phone call at 7:30 PM. The Permittee mobilized a contractor to start repairs to the road on the morning of August 16, 2007. Removal of the debris field and regrading of the road had been completed to within 1000 feet below the fan portal disturbed area by 3 PM this day. Thayn Construction was rebuilding the last Pace Creek road crossing during the end of today's inspection. The ten inch steel pipe which carries flow under the road had been completely washed out by the storm. Runoff from the east side of the road collected on the east berm and was routed to low areas where it concentrated and damaged several berms then dropping into the channel. Various locations along the west bank were eroded away by the high velocity flows. Storm damage to roads accessing the degasification wells on the upper cliffs was not evaluated this day; however, Ms. Miller did indicated damage at specific wells did occur.

16.a Roads: Construction, Maintenance, Surfacing

The road passing through the fan portal disturbed area remains in good condition. All drainage controls handled the catastrophic event of 8 / 14. The Permittee had completed most of the necessary repairs to the Pace Canyon road below Raptor Bluff by 3:15 PM, meeting the commitment required under R645-301-527.240.

16.b Roads: Drainage Controls

Although the Permittee's contractor has re-opened the Pace Canyon road, the re-evaluation of drainage controls on the road (BLM is the managing agency) should be necessary.

18. Support Facilities, Utility Installations

Due to problems with the Mine electrical system, the Permittee was ventilating the underground workings by using the diesel generators located in Pace Canyon. The generators have a high fuel consumption and it was necessary for the Permittee to repair the Pace Canyon road as soon as possible (in order to provide access for fuel trucks). Ms. Miller did not know how long it would be necessary for the Mine fan to run on diesel generated power.

20. Air Quality Permit

The use of diesel generators in Pace Canyon is approved under the current air quality approval order.